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EIGHT DEFENDANTS INDICTED ON MAJOR VIATICAL/LIFE SETTLEMENT FRAUD SCHEME

SACRAMENTO - United States Attorney McGregor W. Scott announced today that four of eight indicted defendants were arrested today on felony fraud charges arising out of a scheme to defraud approximately 500 investors in 20 states out of over $25 million. A federal grand jury returned an indictment yesterday charging DONALD FRED NEUHAUS, age 76, KIMBERLY SNOWDEN, age 42, both from Redding, California, ROBERT EBERLE, age 68, BARBARA EBERLE, age 60, both were living in Chico, California and are now residing in Las Vegas, CLIFFORD PALM, age 55, from Citrus Heights, California, ROBERT KOPPEL, age 78, from Roseville, California, DAVID GOLDENBERG, age 49, and MARK ERIC WOLOK, age 42, both from the Bloomfield, Michigan area, with mail fraud and securities fraud. In addition, DONALD NEUHAUS, his daughter, KIMBERLY SNOWDEN, and husband and wife, ROBERT and BARBARA EBERLE were indicted on money laundering charges. Arrested today were PALM, KOPPEL, GOLDENBERG, and WOLOK. NEUHAUS AND SNOWDEN are expected to self-surrender later today. Arrest warrants are outstanding for the EBERLE's.

The case is the product of an extensive investigation conducted by the Internal Revenue Service Criminal Investigation Division, the California Department of Corporations, and the Unites States Postal Inspection Service.

According to Assistant United States Attorney Matthew Stegman, who is prosecuting the case, the indictment charges that from 2001 to the present, the defendants made false statements and omitted material information in selling viaticals or life settlements to investors. A viatical or life settlement is a security that is the sale of a life insurance policy by a terminally ill or elderly person. The indictment alleges that the defendants made a number of false statements, including that the investment was safe, secure, and risk-free, and that defendants did not need to be licensed to sell securities. The indictment also alleges that they failed to tell investors about the risks; that the company they purported as bonding the investment was located in the South Pacific island nation of Vanuatu and was not a legitimate bonding company; that the State of Florida had issued a cease and desist order prohibiting International Fidelity & Surety, LTD. from issuing bonds; and that the California Department of Corporations had issued a desist and refrain order prohibiting the defendants from selling viaticals or life settlements.

"Individuals who intentionally jeopardize the financial well-being of their clients through the use of deception and empty promises will be held accountable", said Scott O'Briant, Special Agent in Charge Internal Revenue Service Criminal Investigation. "IRS-CI will continue to use our financial expertise, in cooperation with our law enforcement partners, to stop criminals by eliminating the profits generated by their illegal activities."

A civil enforcement action has also been filed in federal district court by the United States Securities and Exchange Commission in order to preserve investor assets.

The maximum penalties for mail fraud is 20 years in prison and a fine of up to $250,000 and five years in prison and a fine of up to $250,000 for securities fraud. The maximum penalty for money laundering is 20 years in prison and a fine of up to $500,000 or twice the value of the money laundered, which ever is greater. However, the actual sentence will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables, and any applicable statutory sentencing factors.

The charges are only allegations and the defendants are presumed innocent until and unless proven guilty beyond a reasonable doubt.

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